INTRODUCTION
Bank balance sheets continue to be under significant pressure, access to capital has become more costly and uncertain, and liquidity concerns are paramount in the mind of investors. In this environment, CEOs and Board members recognize that CFO level issues have become of greater strategic importance. The CEO checklist below summarizes critical questions for senior decision-makers in a market where liquidity, capital access, risk, and their strategic impact matter more than ever before.

Strategy and M&A
- Which of your competitors are operating from a position of strength or weakness?
  - How have the revenue growth and operating margins of yourself and your peers changed in the last 1-3-6 months and how are they projected to change in the future?
  - What are the ratings, CDS spreads, bond spreads, market capitalization, and valuation multiples of your peers and how have they changed over the last 1-3-6 months?
  - Which assets of the weaker peers may come up for sale?
  - Which customers or suppliers of your weaker peers may be vulnerable?
  - What M&A defensive mechanisms do you and your peers have in place?
- What amount of debt capacity does your firm and your peers have at different ratings levels?
- What hurdle rate(s) is your company using when evaluating investment and strategic opportunities?

Capital Markets
- Commercial paper
  - What are your current commercial paper borrowings?
  - What incremental amount could you borrow in the CP market?
- Bond market
  - What is the aggregate principal amount of bonds you have outstanding and in which currencies?
  - How much capital could you raise in the bond market?
    - What would be the cost for this incremental capital from the bond market?
  - What are your bond and CDS spreads and how much have they changed in the last 1-3-6 months?

Capital Markets (cont’d)
- Equity market
  - How much capital could you raise in the equity and equity-linked markets?
  - Who are your top 10 shareholders?
    - What proportion of your outstanding shares do they own?
    - By how much have their positions changed in the last 1-3-6 months?
  - What proportion of your shareholder base is institutional vs. retail?

Bank Markets
- What is the size of your current credit facilities?
  - How much availability do you have under your facilities?
  - When do the bank facilities come up for renewal?
- How much capital could you raise in the bank market?
  - What would be the cost for this incremental capital from the bank market?
- What are the five largest banks in your bank group?
  - What percentage of your credit facility do they each hold?
  - Do you expect to replace any of the banks in your bank group?

Cash
- What are your current cash and short-term investment balances?
- What is your cash asset allocation?
- What net amount of cash is temporarily accessible on an overnight basis and how long would this cash remain available domestically?

Uses of Liquidity
- What are the capital investment and R&D needs of your business over the next 12-24 months?
  - How much of that capital investment is maintenance vs. expansionary?
- What is the aggregate amount of debt maturing in the next 6-12-24 months?
- How much capital does your business need to execute its priorities in the next 12-24 months?
- How much cash do you expect to distribute to shareholders through dividends or share repurchases?
  - What actions have your peers taken in the last 12 months relating to dividends/distributions?
Off-Balance Sheet Risks

- By how much is your defined pension benefit plan currently over-funded/under-funded?
  - What are your pension funding obligations over the next 12-24 months according to the Pension Protection Act?
  - What is the asset mix of your pension plan?
  - If the value of your pension assets were to decline as much as the worst decline you have experienced in the last 10 years, what would be the impact to your (i) ratings, (ii) pension funding obligations over the next 12-24 months, and (iii) overall liquidity?
  - How would a 200 bps change in the discount rate impact your pension funded status and funding obligations?

- What are your significant off balance sheet/contingent liabilities?
  - Are you currently required to post collateral on a mark-to-market basis on your derivative contracts?
  - How much capital is required to fund your off balance sheet liabilities in the next 12 months?

- What is your aggregate exposure to your 5 largest derivative counterparties?
  - What are the CDS spreads of your largest counterparties and by how much have they changed in the last 1-3-6 months?

Board Level Sensitivities

- What companies are your board members affiliated with?
  - What are the CDS spreads, bond spreads, and stock prices of these companies and how have they changed in the last 1-3-6 months?
  - Have there been any significant financial, regulatory, or other developments related to these companies recently?

Financial Risks

- How much would EBITDA need to decline before you would be at risk of a ratings downgrade?
  - How does this decline compare to the downside scenario in your operating plan?
  - What would be the dollar change in your liquidity and cash balances if your company was downgraded 1-2-3 notches (e.g., from lost CP access, increased collateral requirements, stricter supplier credit, etc.)?
  - By how much would your cost of financing increase if you were downgraded 1-2-3 notches?
  - At what level of EBITDA decline would you need to cut the dividend?

- Who are your 5 largest customers and suppliers?
  - What would be the impact to EBITDA and working capital/liquidity if your top 5 customers were to experience a liquidity shortfall/financial distress?
  - What are the CDS spreads of your largest customers and by how much have they changed in the last 1-3-6 months?
  - What would be the impact to EBITDA and working capital/liquidity if your top 5 suppliers were to experience a liquidity shortfall/financial distress?
  - What are the CDS spreads of your largest suppliers and by how much have they changed in the last 1-3-6 months?

- How could recent regulatory/legislative proposals affect EBITDA, operating margins and profitability?

- Which 3 currencies is your business most exposed to?
  - If you were to experience an adverse change in FX rates equal in magnitude to the worst change you have experienced in the last 10 years, what would be the impact on your cash flow and earnings?

- Which 3 commodities is your business most exposed to?
  - If you were to experience an adverse change in commodity prices equal in magnitude to the worst change you have experienced in the last 10 years, what would be the impact on your cash flow and earnings?

- What proportion of your debt is fixed rate vs. floating rate?
  - What would be the cash flow impact of a 200 bps change in LIBOR and/or shift in the yield curve?